

# Non-contributory social protection through a child and equity lens in Iran<sup>1</sup>

International Policy Centre for Inclusive Growth (IPC-IG)

**With a population of over 80 million**, the Islamic Republic of Iran is the second most populous country in the MENA region (after Egypt). More than 22 million people are under 18 years of age—27 per cent of the population. Iran's Human Development Index (HDI) was 0.774 in 2015, putting the country in the 'high human development' category. Iran has a long history of providing asylum to refugees. It is estimated that up to 3.5 million Afghans—many second or third generation—as well as some 30,000 Iraqi refugees reside in the country.

Iran's economy is experiencing improved growth rates, benefiting from the removal of oil sanctions and a recovery in exports. Inflation dropped from 39.3 per cent in 2013 to 17.2 per cent in 2014, partly because of the ongoing subsidy reform and the devaluation of the national currency. Extreme poverty rates in Iran are low: between 1990 and 2013 the share of the population living below the poverty line of USD1.9 per day decreased from 6 per cent to 0.1 per cent, although in 2014 it rose to 0.3 per cent. However, children were overrepresented among poor households between 1984 and 2007. The number of poor children whose parents worked in the informal sector was 3.5 times higher than those whose parents worked in the formal sector.

Iran has one of the highest government expenditures on health in the region; it increased from 12.7 per cent of total expenditures in 2011 to 17.5 per cent in 2014. In 2014 the government introduced universal public health insurance to guarantee coverage of all Iranians, including unemployed and poor people. Since 2015, registered refugees can also access the system. Iran's education indicators compare relatively well to other countries in the region.

The Iranian Constitution guarantees the right to social security and welfare. In 2004 the Law of the Comprehensive Welfare and Social Security System established the High Council of Welfare and Social Security, which oversees the coordination, assessment and approval of social security and welfare policies. The Ministry of Welfare and Social Security was also established in 2004. In 2011 it was merged with the Ministries of Labour and Social Affairs, and Cooperatives. The Ministry also administers the State Welfare Organisation (SWO).

After the 1979 revolution, several organisations emerged with the aim to support the vulnerable population. Social security and social protection are currently provided not only by the government but also by non-governmental and para-governmental organisations. The Foundation for the Oppressed, the Foundation for the Martyr, and the Imam Khomeini Relief Committee (IKRC) are among the latter and play an important role in the country's social assistance system. While these organisations receive financial support from the government and are directly supervised by Khomeini, they are not accountable to the government.

In 2010, Iran launched one of largest cash transfer programmes in the world. The Targeted Subsidies Reform Act was introduced to compensate households for price increases resulting from the gradual removal of bread and energy

subsidies. Financed through the revenues from the price increases, a monthly cash transfer of initially IRR445,000 (USD45) was paid per person. In 2011, transfers amounted to 6.5 per cent of GDP and about 29 per cent of the median household income. Although the real value of the transfer has declined since then due to inflation, the programme was significant in reducing poverty and income inequality levels.

In 2011, 73 million Iranians received cash benefits, costing the government IRR3,300 billion every month. Administrative difficulties in implementing a means test have resulted in nearly universal coverage.

Apart from the Subsidy Reform Act, a wide range of social assistance programmes exist in Iran. Regarding school feeding, more than 14 million schoolchildren received free milk through the Ministry of Education in 2011. In addition, the SWO offers hot meals in rural child care centres, as well as free milk in kindergartens, benefiting 144,321 and 602,327 children, respectively, in 2011. Moreover, several food supply programmes are provided for particularly vulnerable groups. The IKRC's plan on nutrition for needy under-6-year-old children and pregnant mothers, for example, reached more than 64,000 children and 5,700 pregnant mothers in 2011. The IKRC and the SWO also support orphans through cash and in-kind transfers.

In addition, the IKRC administers two cash transfer programmes. The Shahid Rajaei Project provides financial support to poor elderly rural dwellers and nomads. In 2013 the programme reached about 1.38 million people. The Aid Project aims at providing financial support to households with no adult head and households headed by people with disabilities. In 2013 over 2.6 million people received permanent support, and 2 million people ad hoc support through the programme. Non-contributory health insurance is provided through the Villagers and Nomads Social Insurance Fund at the Ministry of Cooperatives, Labour and Social Welfare, covering 947,813 households in 2011. Furthermore, both the IKRC and the SWO provide health insurance to women-headed households. In addition, the IKRC supported nearly 1.2 million beneficiaries in 2013 through medical services and insurance.

Iran stands out as the first country in the region to finance a large-scale cash transfer programme through revenues from subsidy reforms. Given the multiplicity of social protection providers in Iran, a wide range of programmes, often of a very similar nature, exist in parallel to each other. While these are important initiatives, improving coordination across programmes remains crucial to address children's vulnerabilities more effectively.

**Note:**

1. This One Pager is taken from a comprehensive study developed in partnership between the IPC-IG and UNICEF MENA. All data are thoroughly referenced in the full report:

Machado, A. C., C. Bilo, R. G. Osorio, and F.V. Soares. 2018. *Overview of Non-contributory Social Protection Programmes in the Middle East and North Africa (MENA) Region through a Child and Equity Lens*. Brasília and Amman: International Policy Centre for Inclusive Growth and UNICEF Regional Office for the Middle East and North Africa: <<https://goo.gl/QfmKwK>>.